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EPA - REGION X

**Market Value Range Estimate for
Alder Mine Mill Site
Twisp, Washington
(Various Parcels)**

**Ostensible Owner(s)
Alder Gold – Copper Company Inc., Portland, Oregon**

**Prepared for
Cindy Mackey
Environmental Protection Agency**

**Prepared by
US Army Corps of Engineers, Seattle District**

SUMMARY OF SALIENT FACTS – Alder Mine Mill Site

PROPERTY APPRAISED: Alder Mine mill site. The subject is comprised of 4 parcels, adjacent to each other, for a total of approximately 147.65 acres. They are located approximately one-half mile southerly of Twisp, Washington.

PROPERTY TYPE: Rural residential acreage.

IMPROVEMENTS: None.

**HIGHEST AND
BEST USE:** Rural residential acreage.

DATE OF VALUATION: August 2, 2005.

DATE OF REPORT: August 30, 2005.

VALUE CONCLUSION: Estimated market value range for each parcel or combination of parcels is:

\$2,000/ac - \$2,800/ac

ASSUMPTIONS AND LIMITING CONDITIONS:

The certification of the appraiser appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the appraiser in the report.

1. The appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto; nor does the appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible and competent ownership and management. The appraiser has not been furnished a title status report. Access by a short easement over adjoining land is assumed.
2. Information, estimates, and opinions furnished to the appraiser, and contained in the report, were obtained from sources considered reliable and are believed to be true and correct. However, the appraiser assumes no responsibility for the accuracy of such items furnished.
3. The maps and sketches used in the report may show approximate dimensions and boundaries and are included to assist the reader in visualizing the property. The appraiser has not made a survey of the property. Areas (acreage or square feet) used in the report are based on the best available information. The appraiser reserves the right to alter the report should future information change the areas used in the report.
4. The appraisal is to be used only in its entirety. Distribution of the total value estimate between land and improvements (if any) applies only under the proposed conditions of utilization and reflects their estimated contribution to the overall value of the property. Separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
5. The appraiser assumes that there are no hidden or unapparent conditions of the property, soil, subsoil, or structures, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions, or for engineering and inspection of soil and structures by a qualified inspector which might be required to discover such factors.
6. Unless otherwise stated in the report, the existence of hazardous material(s) that may or may not be present on or in the subject property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such material(s) on or in the property. The appraiser is not qualified to test for or detect such substances. The presence of potentially hazardous material(s) may affect the value of the property. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. According to information provided the appraiser by Mr. Feltz of Alder Mine-Copper Company Inc., of Portland, Oregon, and the Environmental Protection Agency, the site has been cleaned with possibly only non-hazardous/non-toxic residue left. The value estimate is predicated on the assumption that there is no such material(s) on or in the property and the property is valued as clean.
7. It is assumed that the subject is in full compliance with all applicable federal, state and local regulations and laws unless otherwise stated in the report.

8. Based on the last deed of record for the parcel (Number 3322200070) adjacent to the subject property (the southeast parcel on the subject map) that the access road to the subject goes through, it would be reasonable to assume that the subject property has legal as well as physical access. This last deed of record (Note Addenda) excepts roads in the legal description. It would be reasonable to conclude that this excepts the road benefiting the subject parcels and that ownership of this road rests with the ownership of the subject parcels since only the subject parcels appear to be benefited by this road. No complete title report was furnished for adjacent properties or for the subject property. According to Mr. Eugene Feltz of Alder Gold-Copper Company Inc., of Portland, Oregon, there is a record of ownership for this road as well as a record of an easement for a road leading out of the north boundary of the subject parcels to a public road.

DEFINITIONS:

Market Value

Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal.

From the "*Uniform Appraisal Standards for Federal Land Acquisitions, Washington, D.C. 2000*".

Highest and Best Use

Highest and Best Use is defined as "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability". From "*The Dictionary of Real Estate Appraisal, Third Edition*".

Sales Comparison Approach

A set of procedures in which the appraiser derives a value indication by comparing the property being appraised to similar properties that have recently sold, applying appropriate units of comparison and making adjustments, based on the elements of comparison, to the sales prices of the comparables.

PURPOSE AND INTENDED USE OF APPRAISAL:

The purpose of this appraisal is to estimate the market value range of the subject property both as individual parcels and as possible combinations of the parcels. This appraisal report is for the use of the Environmental Protection Agency in monitoring the sale of portions of the subject property.

SCOPE OF APPRAISAL:

The scope of this assignment involved an inspection of the subject property together with its area and neighborhood environments. All three standard valuation methods were studied for applicability. The only approach used for valuing the subject is the Market Data or Sales Comparison Approach. The Cost Approach was not used since there are no improvements on the subject. The Income Approach was not used since properties like the subject are typically not bought and sold for their income producing potential. In order to facilitate a proper appraisal through the Market Data approach, sales data was gathered from the subject local area. These sales were then analyzed resulting in an estimate of the market value range from this approach.

SUMMARY OF THE APPRAISAL PROBLEM:

The appraisal problem is to estimate the market value range for the subject parcels and possible combinations of the subject parcels to be used by the Environmental Protection Agency as a monitoring tool for the sale of portions of the subject by the current owner(s).

PROPERTY RIGHTS APPRAISED:

The property is appraised in fee simple interest.

OWNER CONTACT:

The appraiser contacted Mr. Eugene Feltz with Alder Gold – Copper Company Inc., of Portland, Oregon, before the inspection of the subject property. Mr. Feltz gave the appraiser verbal permission over the phone to go on the subject properties and was very helpful and cooperative.

AREA AND NEIGHBORHOOD DESCRIPTION

The subject is located near Twisp, Washington. Twisp is a very small town and offers very limited services. Okanogan-Omak, Washington, located approximately 40 miles easterly of the subject, offers more complete services with shopping and medical facilities.

The Twisp neighborhood is rural with scattered rural home-sites and small farms. Most farms in the neighborhood are hobby type farms with much of the income coming from off-farm jobs. Many buyers are from out of the area looking for second homes or retirement homes with recreational opportunities. The neighborhood offers abundant outdoor recreational opportunities within short drives.

PROPERTY DESCRIPTION

LEGAL DESCRIPTION(s):

No complete legal descriptions or title reports were provided to the appraiser. Based on Okanogan County information the brief legal descriptions are:

Tax #148 (Portion of SW/4SW/4, Sec 17, T33N, R22E, Okanogan County, Washington, containing 27.75 ac., more or less. Parcel number 3322170148. Northeast parcel of subject map.

SE/4SE/4, Sec 18, T33N, R22E, Okanogan County, Washington, containing 40.25 ac., more or less. Parcel number 3322182002. Northwest parcel of subject map.

NE/4NE/4, Sec 19, T33N, R22E, Okanogan County, Washington, containing 40 ac., more or less. Parcel number 3322191005. Southwest parcel of subject map.

NW/4NW/4, Sec 20, T33N, R22E, Okanogan County, Washington, containing 39.65 ac., more or less. Parcel number 3322204004. Southeast parcel of subject map.

ZONING:

Zoning is the Uplands District with a 20 acre minimum size. There are several permitted uses and many conditional uses allowed. A portion of parcel 3322170148, approximately 13 acres, is zoned for five acre minimum. All of the subject parcels are currently idle and unimproved.

LAND DESCRIPTION:

The subject property is nearly square in shape and approximately 147.65 acres (total) in size. It is made up of four parcels, 27.75 acres (northeast parcel), 40.25 acres (northwest parcel), 40.00 acres (southwest parcel), and 39.65 acres (southeast parcel). Please note the subject map. These acreages and boundaries are approximations based on the best available information.

As a 147.65 acre parcel the subject would have good developed access by a short lane from a public road. This good access extends to all of the parcels except the parcel located in the southwest corner of the subject.

Power is available on site, or would be relatively easy to extend, to each parcel except the parcel located in the southwest corner.

Topography varies from nearly level to steep on each parcel. It appears that good building sites could be located on each parcel. The southwest parcel would be most difficult to develop since it is generally very steep except for the northwest corner of the parcel and would be difficult to access.

Vegetation consists of trees, brush, grass and weeds on each parcel. According to Mr. Feltz the subject parcels were logged about two years ago with some tree cover left as an amenity. Most of the remaining trees are on the parcel located in the southwest corner.

According to Mr. Feltz there is probably an old water system located somewhere on the subject. This would be a very old system and would most likely need to be replaced. Based on local neighboring ownerships, it would be likely to be able to develop domestic water wells on the subject parcels except maybe for the southwest parcel.

All of the parcels have good local views from various locations.

MINERAL RIGHTS:

Sub-surface mineral rights do not have a measurable affect on land values in the market for properties like the subject based on available sales information. There is no active mining activity in the neighborhood of the subject.

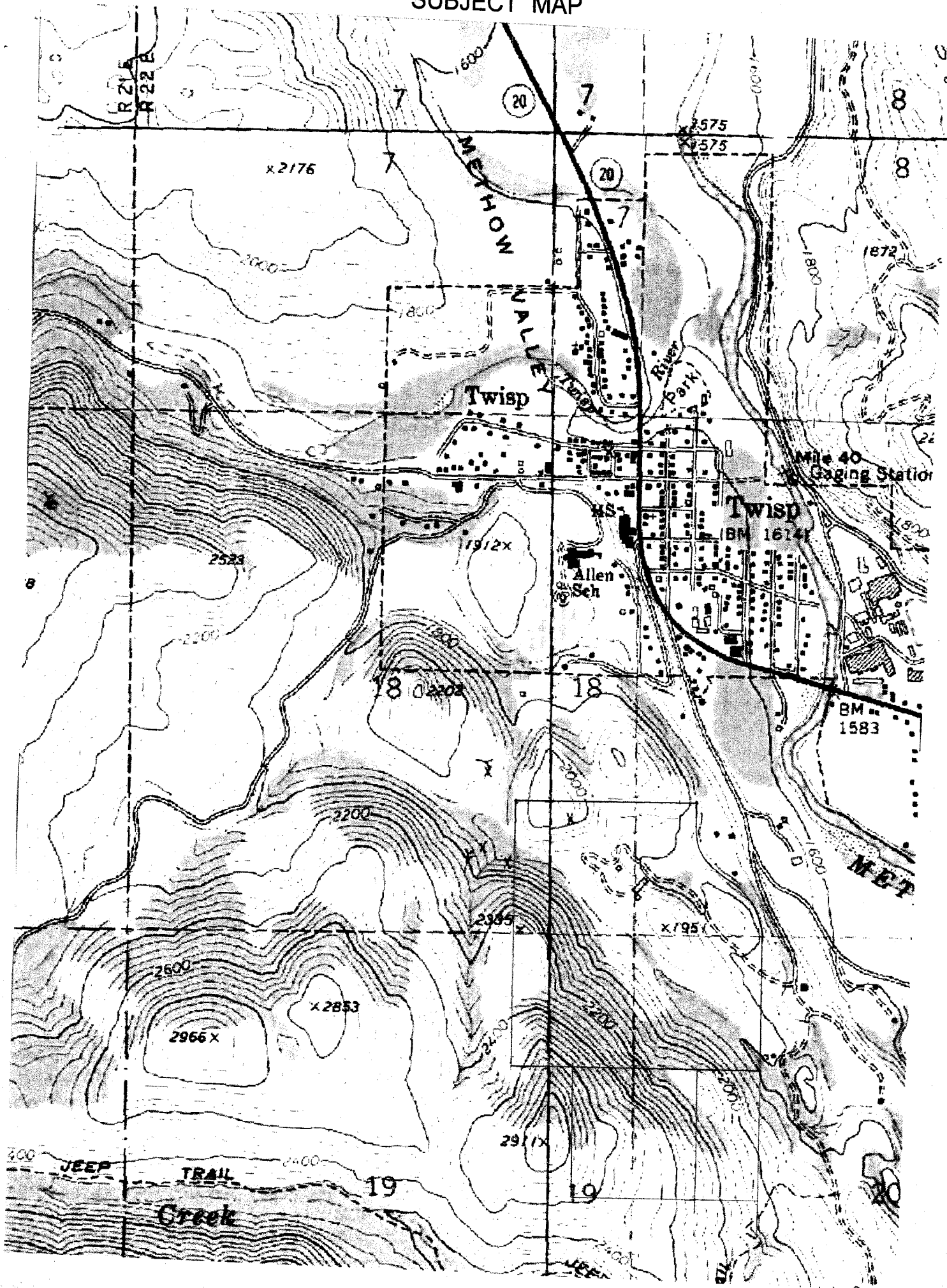
IMPROVEMENTS: There are no structural improvements on the subject parcels.

EQUIPMENT: There is no equipment located on the subject parcels.

OWNERSHIP HISTORY:

According to the best available information the subject parcels have been under current ownership, Alder Gold – Copper Company Inc., of Portland, Oregon, for over ten years.

SUBJECT MAP



HIGHEST AND BEST USE:

Highest and Best Use is defined as "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability". These need to be reasonable and not speculative in nature.

The subject is currently vacant and unimproved. Previous use was as a mill site for processing ore. These improvements have been removed and according to information provided the appraiser the site has been cleaned. The immediate neighborhood of the subject is generally rural acreage residential type tracts of 20 acres or more in size. Immediately north and east of the subject are smaller rural tracts as one moves into Twisp. As previously mentioned a small portion of the subject property located in the extreme northeast portion of the subject is zoned for 5 acre minimum use. This is approximately 13 acres of the total subject area. Although zoned for a 5 acre minimum use this area is valued as a part of a larger raw rural acreage residential type land parcel.

As vacant, the subject zoning is almost all in the Upland District with a 20 acre minimum size. Physically, the subject parcels and parcel combinations have generally good access, utilities immediately available, views of the local area and several good building sites scattered throughout the parcels.

In terms of financially feasible and maximally productive uses, it is reasonable to conclude that the highest and best use of the subject parcels and possible combinations of the parcels would be as rural acreage residential type land.

Considering all of these points, the highest and best use for the subject property, both as existing parcels and possible combinations of the parcels would be rural acreage residential.

VALUATION

As previously stated in the Scope of Appraisal section, only the Market Data or Sales Comparison Approach is being used to value the subject property.

Sales similar to the subject were gathered from the local market. Based on this sales information it is this appraisers opinion that there is a fairly narrow range of market value for properties like the subject.

The following is a summary listing of the comparable sales gathered for use in this appraisal. A more complete sale write-up is attached in the addenda.

SUMMARY OF COMPARABLE SALES

<u>Sale No.</u>	<u>Buyer</u>	<u>Date</u>	<u>Ac Size</u>	<u>\$/Ac</u>	<u>Improvements</u>	<u>\$/Ac Land</u>	<u>Comments</u>
1.	Scheidt	2/05	37.67	2,389	None	2,389	Located 4 mi NE of Twisp
2.	Hopkins	2/05	33.94	2,799	None	2,799	Located 4 mi NE of Twisp
3.	Redman	12/04	118.96	2,001	None	2,001	Located 6 mi N of Twisp
4.	McIntyre	4/05	20.05	1,995	None	1,995	Located 1 mi S of Twisp
5.	McIntyre	4/05	20.00	2,250	None	2,250	Located 1 mi S of Twisp

All of these sales are recent and no adjustment is made for time. They are all similar to the subject parcels in terms of location and physical characteristics with sales 4 and 5 being adjacent to the south boundary of the subject.

At this point in time it is not clear how the subject would be sold by the current owner. Therefore, no adjustments were made for differences in individual characteristics between the sales and the subject. These similar sales represent an unadjusted range of market value that the subject parcels or combinations of the parcels would fall within. Whether the subject is sold as individual existing parcels or a combination of existing parcels or portions of parcels, the estimated market value range would be \$2,000/ac to \$2,800/ac.

The estimated market value range for the subject as of August 2, 2005, is \$2,000 - \$2,800 per acre.

CERTIFICATION

I, the undersigned, certify that, to the best of my knowledge and belief:

- I have no present or contemplated future interest in the property appraised, and neither the employment to make the appraisal, nor the compensation for it, is contingent upon the appraised value of the property.
- I have no (nor have a) personal interest in or bias with respect to the subject matter of the appraisal report or the participants involved. The estimate of market or rental value in the appraisal report is not based in whole or in part upon the race, color or national origin of the owners or occupants of the property appraised, or upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.
- I have personally inspected the property. To the best of my knowledge and belief, all statements and information in this report are true and correct, and I have not knowingly withheld any significant information.
- All contingent and limiting conditions are contained herein (imposed by the terms of the assignment or by the undersigned affecting the analyses, opinions, and conclusions contained in the report).
- This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct as set forth by the Washington State Department of Licensing – Real Estate Division for Certification and Licensing of Real Estate Appraisers. This report is a Complete Summary Appraisal Report.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions. No change of any item in the appraisal report shall be made by anyone other than the appraiser, and the appraiser shall have no responsibility for any unauthorized change.
- No other person(s) provided significant professional assistance in the preparation of this report.
- The Appraisal Foundation, through the State of Washington Dept. of Licensing, requires a mandatory program of continuing education for re-certification. I am in compliance with the requirements of the program.


ERNEST F. FLECHSIG

Appraiser, US Army Corps of Engineers
Washington State Certified General
Real Estate Appraiser
Reference/Cert No.: 1100846
Expires: 08-09-2006

ADDENDA

PHOTOS

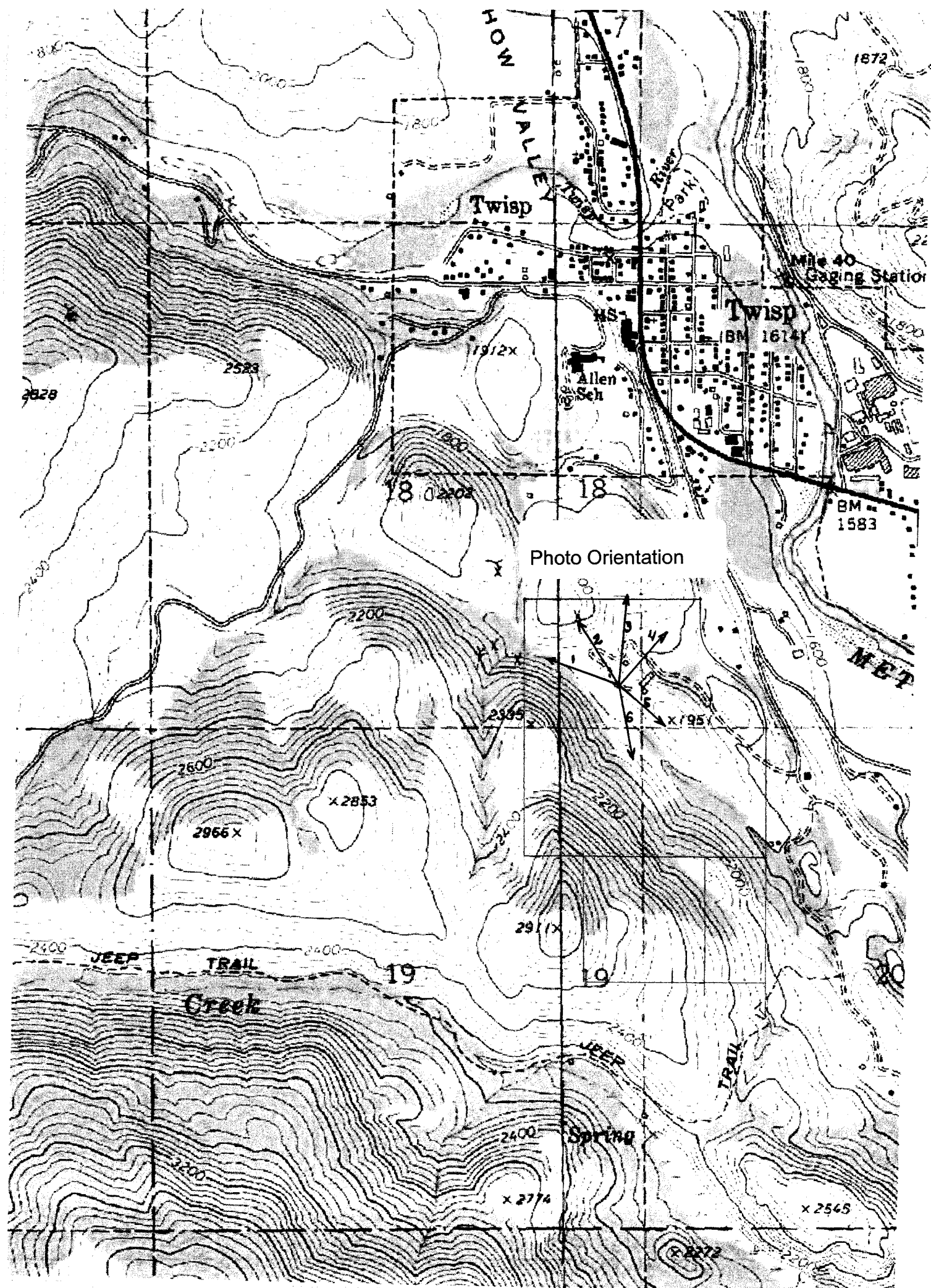


Photo 1

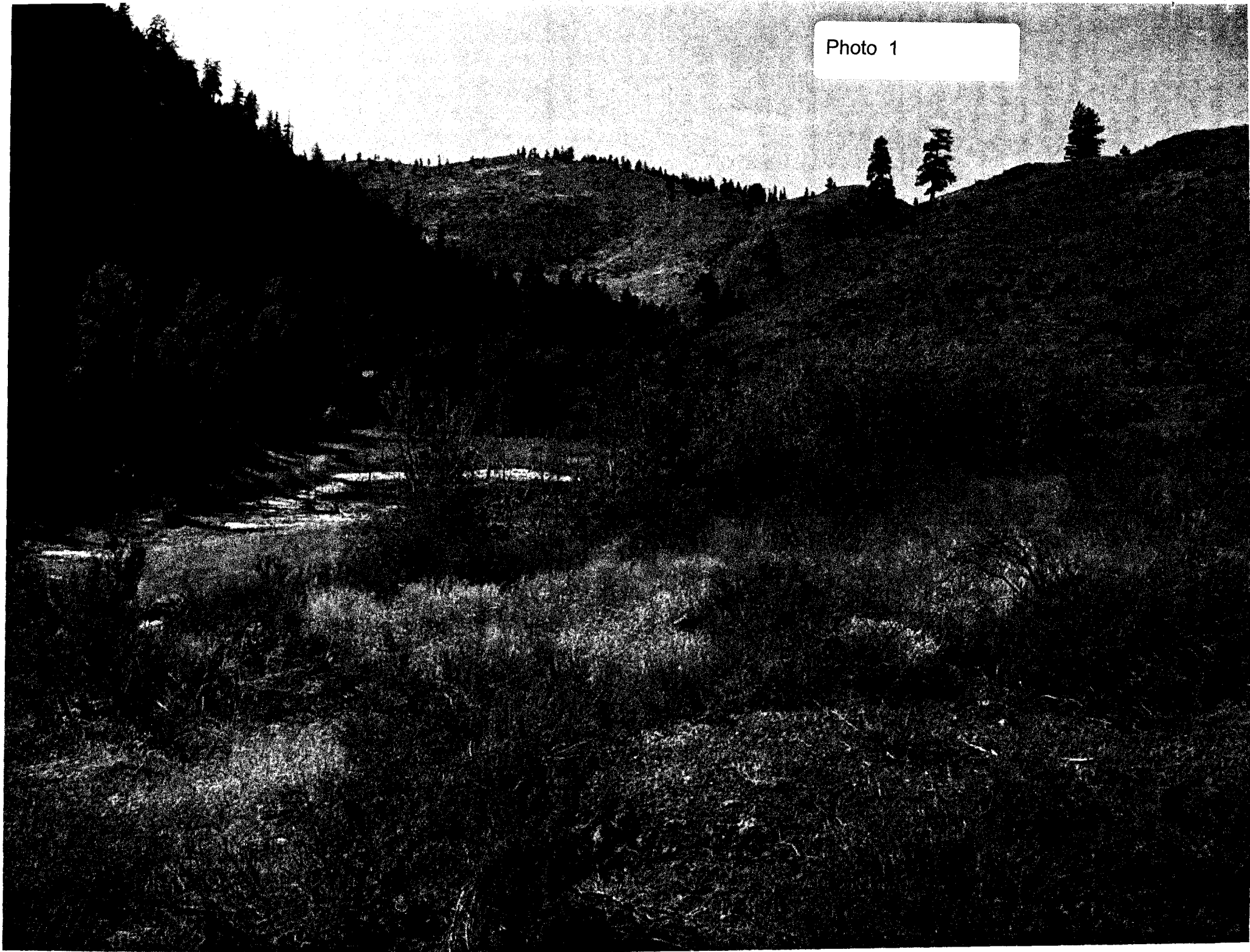


Photo 2

